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Metropolitan Transit Authority

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PUBLIC TRUSTEES

PARK SQUARE BUILDING

BOSTON 16, MASSACHUSETTS

SEVENTH ANNUAL REPORT

of the

BOARD OF TRUSTEES

of the

METROPOLITAN TRANSIT AUTHORITY

To His Excellency the Governor,
to the General Court, and to the
Trustees of the Boston Metropolitan District:

In accordance with the requirements of Chapter 544 of the Acts of 1947, as amended, the Trustees of the Metropolitan Transit Authority herewith file the seventh annual report of the Authority, which covers the results of operations for the calendar year 1953.

SUMMARY OF REPORT

The Trustees point out a few salient facts regarding this report, believing such general comment will aid in better understanding of the detailed figures it contains.

Before this Board of Trustees took charge of the Authority property on March 26, 1953, all but six days of the first quarter of 1953 had passed. The loss from operations in the first quarter of 1953 was \$2,524,708.38. This was an increase of \$205,917.48 over the loss from operations in the first three months of 1952.

In the 12 months of 1953, there was a drop in income of \$1,975,264.29, caused principally by a loss in revenue passengers totalling 9,426,760 (or 3.39%).

The total cost of service was reduced \$1,854,634.03 below the cost in 1952 to almost match the drop in income.

In 1951 the drop in income was \$1,852,358.86, but the cost of service in that year increased \$2,898,681.47. In 1952 income dropped \$1,672,588.51 from 1951, but cost of service again increased in 1952 by \$1,906,965.58.

FARE INCREASE NEEDED

On July 6, 1953, the Board filed a petition with the Department of Public Utilities, requesting approval of an increase from 15¢ to 20¢ in the fare for a rapid transit ride or a ride with transfer privileges; from 10¢ to 15¢ in the "local" fare on surface lines, without transfer; and from 5¢ to 7-1/2¢ for pupils' tickets. The Board sought to make these increased fares effective on Sunday, July 19, 1953. After hearings, at which the Trustees pressed for the increase, the Commissioners of the DPU, by a 3 to 2 vote, denied the request.

The law of the Commonwealth, as presently established, provides that the Board of Trustees, with the approval of the Department of Public Utilities, "shall, from time to time fix such rates of fare and charges for service x x x x x x x x x as in their judgment are best adapted to insure sufficient income to meet the cost of service."

In denying the request of the Board, the majority of the Commissioners stated they did not believe the rates of fare which the Board sought to establish would enable the Trustees to comply with the law.

It would seem pertinent, therefore, to point out that, had the fare increase we sought been established on July 19, 1953, it would have provided an estimated additional passenger revenue during 1953 of slightly more than \$3,000,000. This estimate takes into account that the number of passengers

would be reduced by approximately 12,900,000 by applying the formula for impact loss which was used by an expert testifying at the DPU hearing.

The loss from operations for the first seven months ending July 31, 1953, amounted to \$5,363,115.45.

The excess cost of the service over income for the year 1953, as shown in this report, totals \$8,350,676.08.

Using the actual operating expenses for the year 1953 as a basis, and computing other factors affecting operations, including, as stated above, the impact loss of approximately 12,900,000 passengers, the deficit for 1953 would have been reduced to \$5,329,000.

In other words, the deficit on July 31 would not have materially changed during the last five months of the year, had the DPU acceded to the request of the Trustees. The deficit of \$8,350,676.08 which must be paid by the taxpayers of the 14 MTA communities would have been less by about \$3,000,000, as a result of additional passenger revenue and a substantial reduction in operating expenses, resulting from the reduction in passengers handled.

Your Board of Trustees intends to continue to seek an increase in fares. There are those who still insist that a popular fallacy - "reduce fares and you will solve the MTA problem" - holds true today. It is the considered opinion of this Board - an opinion strengthened by the results of recent reduced-fare experiments in several other cities - that while a lowered fare would attract a small percentage of additional riders, the net result would be a substantial diminution in total revenue, and an increase in the overall deficit from operations.

OPERATION COSTS REDUCED

Since April of 1953, this Board has been engaged in a concerted effort to put conduct of the Authority on a realistic business basis. We have

instituted economies which reduce operations costs over \$2,500,000 on an annual basis. A considerable portion of these savings are reflected in the results reported for 1953. Full impact of them will show in the 1954 results. Between April 10 and December 31, 1953, there was a reduction of 760 employees on the monthly and weekly payrolls. A large number of these former employees are now receiving pensions, having passed the age of 65.

EXCESSIVE SERVICE BEING OPERATED

Frequency of service is not the principal determining factor for carrying a profitable number of passengers. Many vehicles have been operating regularly with an average of ten and less passengers on each trip.

We have, therefore, put into operation timetables which call for a frequency of service commensurate with the possibilities of remunerative patronage. More changes in frequency of service will be instituted, following completion of careful studies of patronage, as well as of realistic estimates of possible future patronage. Excessive frequency of service was being operated particularly in the so-called "Owl Service" hours from 1 a.m. to 5 a.m. The same was true on many of the surface lines serving residential communities during the off-peak hours Monday to Friday, as well as all day on Saturday and Sunday. Frequency has been far beyond that being operated by any of the various transportation companies, including the railroads, which serve the needs of two-score similar communities, located adjacent to those served by the MTA.

Frequency of service will hereafter be determined by community needs and passenger possibilities. At the same time, this Board is vigorously seeking to increase patronage. New service will be inaugurated wherever careful study shows there is a possibility of its being made remunerative.

NEW LINES ESTABLISHED

We have already established two new lines in suburban residential areas, where fairly recent new home construction has concentrated population, and where the residents stated they would rather use the MTA regularly than their automobiles for transportation to and from Boston. They have told us they will not depend on it solely for bad-weather riding.

One of these new services has been given an experimental express service for rush-hour commuters Monday thru Friday. The express experiment is being checked carefully to determine whether the belief of the Trustees that express service in some areas to and from rapid transit terminals will result in added patronage.

The Board is convinced that the future of the MTA, insofar as profitable operation is concerned, lies in attracting more patronage to its rapid transit lines. We are of the opinion that, while the inroads which the family automobile has made into the patronage of public transportation lines all over the country can never be entirely reversed, there is a good opportunity for the return of some of this patronage to the MTA, particularly because of the chaos of traffic each working-day morning and night in all the area about two-miles distant from down-town Boston. We believe there is considerable doubt as to whether super-highways leading in and out of Boston will do other than attract more automobiles into this daily chaos.

FREE PARKING ABOLISHED

One of the major factors in making successful efforts to secure more passengers for the MTA is, we believe, establishment of automobile parking lots adjacent to through highways, but outside the area where Boston's traffic commences to "jam". The Board has already abolished

free parking at the areas it already owns, or controls, and in so-doing has driven from these lots hundreds of all-day parkers who worked in nearby business establishments and never rode the MTA. The operation and management of the MTA lots has been granted to an independent parking area operator under a license-agreement providing for a guaranteed minimum rental of \$50,000. per year, with an additional rental payable provided gross receipts from such parking exceed a stipulated amount. The lots now have attendants, assuring safety for the automobiles, as compared with the former practice of there being no supervision at them. A 55¢ combination one-day parking ticket, including a round-trip fare - good only on day of sale - is being sold to those who park automobiles at the larger parking places and then patronize the MTA's rapid transit lines. Meters are used at smaller lots.

PROMOTIONAL PROGRAM INSTITUTED

A modest, yet aggressive advertising program has been instituted to acquaint the public with the convenience and the economy of using MTA service, as compared with driving their automobiles in and out of Boston each day, to reach their jobs or for the conduct of individual activities. We plan to continue and expand promotional efforts to secure new traffic.

The Board has under active study the possibilities of establishment of other large parking lots at points adjacent to the end of rapid transit lines. In connection with this, studies are being made to definitely determine whether such lots are so located that they could attract sufficient patronage to warrant short extensions of present rapid transit lines to provide fast service from them to Boston, or anywhere else on the MTA.

ELIMINATION OF DEFICIT

This Board is determined, and will continue, to insist that the operation of the Authority shall be conducted in a realistic manner, based on accepted and successful business methods. This, we believe, is the desire of the great majority, especially those taxpayers in the 14 communities which have to pay the bills for any deficit.

We shall continue to arrange the Authority's affairs so as to insure the providing of a maximum of better and necessary service for the majority of those who patronize MTA lines.

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OPERATING EXPENSES

Actual operation results of the Authority for the calendar year of 1953, as compared with the same period of 1952, were as follows:

	<u>YEAR 1953</u>	<u>YEAR 1952</u>	<u>DECREASE</u>
Wages	\$29,446,974.58	\$31,132,330.37	\$1,685,355.79
Materials, services and other items	4,368,658.20	4,405,966.18	37,307.98
Injuries & Damages	1,287,949.65	1,510,107.65	222,158.00
Depreciation	1,200,000.00	1,200,000.00	-
Fuel	1,891,225.32	2,120,269.17	229,043.85
MTA Retirement Fund	<u>1,726,292.97</u>	<u>1,528,032.26</u>	<u>198,260.71</u> INC.
TOTAL OPERATING EXPENSES	\$39,921,100.72	\$41,896,705.63	\$1,975,604.91

The only item which shows an increase is the contribution to the MTA retirement fund. On February 1, 1953, a change in the agreement between the Authority and its employees increased from 5% to 6% both the Authority's and the employees' contributions to the retirement fund.

FIXED CHARGES

Under the law of the Commonwealth, as at presently constituted, certain so-called fixed charges must be included as a part of the cost of service. These items are composed of taxes, interest on bonds, payments on funded debt and Cambridge Subway rental. The following table compares these items for 1953 and 1952:

	<u>YEAR ENDED DECEMBER 31</u>	
	<u>1953</u>	<u>1952</u>
Taxes	\$ 644,640.31	\$ 650,818.21
Cambridge Subway Rental	390,478.34	392,286.66
Interest on Bonds	3,519,883.78	3,454,729.80
Payment on Funded Debt - B. M. D.	1,656,000.00	1,591,000.00
Miscellaneous Items	<u>61,441.85</u>	<u>62,638.73</u>
TOTAL	\$6,272,444.28	\$6,151,473.40

RESULTS OF OPERATIONS

For the year ended December 31, 1953, the total income of \$37,067,698.32 failed to meet the total cost of service of \$46,193,545.00 by \$9,125,846.68. The profit and loss items, due principally to the final net adjustment of Federal income tax liability, amounted to a net credit of \$775,170.60, leaving as the assessable deficit for 1953 an amount of \$8,350,676.08.

For the year ended December 31, 1952, the total income of \$39,042,962.61 failed to meet the total cost of service of \$48,048,179.03, resulting in a loss from operations of \$9,005,216.42 which, after deducting the profit and loss items of \$1,176,171.78, left an assessable deficit for 1952 of \$7,829,044.64.

It should be noted that the net profit and loss items for 1953 were \$401,001.18 less than the preceding year. Such items of a non-recurring nature will not be a factor in the future because of the termination of the Federal income tax litigation in 1953.

FINANCIAL STATEMENTS

The balance sheet of the Metropolitan Transit Authority at December 31, 1953, related statement of income and cost of the service, detail of operating expenses, for the year ended December 31, 1953, together with notes relating to these financial statements are appended to this report.

Respectfully submitted,

BOARD OF TRUSTEES

METROPOLITAN TRANSIT AUTHORITY

(Signed) Frank W. Rourke, Chairman

" Harold D. Ulrich

February 19, 1954

" Horace Schermerhorn

FINANCIAL STATEMENTS

METROPOLITAN TRANSIT AUTHORITY

BALANCE SHEET-DECEMBER 31, 1953

ASSETS

Fixed assets (Note A):

Road and equipment	\$114, 193, 960. 10
Miscellaneous physical property	149, 471. 71
	<u>114, 343, 431. 81</u>

Less - Reserve for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned (Note B)....	44, 154, 552. 54
	<u>70, 188, 879. 27</u>

Subways, tunnels and other facilities:

Acquired from the City of Boston as of August 3, 1949 in accordance with Chapter 544 of the Acts of 1947 as amended by Chapter 572 of the Acts of 1949	40, 225, 550. 43
Constructed by Metropolitan Transit Authority since August 2, 1949	17, 212, 095. 33
	<u>57, 437, 645. 76</u>

Less - Amortization through debt retirement reimbursed to the Authority (Paragraph (1) of Section 8A of Chapter 544 of the Acts of 1947 as amended and Section (7) of Chapter 649 of the Acts of 1949 as amended) (Note C)	2, 757, 037. 08
	<u>54, 680, 608. 68</u>

Total fixed assets, less reserve and amortization.....	<u>124, 869, 487. 95</u>
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Current assets:

Cash in banks and on hand (incl. \$521, 994. 52 deposited for payrolls).....	3, 998, 603. 08
Special deposits	281, 298. 60
Commonwealth of Massachusetts - Amounts receivable under Chapter 544 of the Acts of 1947 as amended, for assessable deficit - per accompanying statement of income and the cost of the service	8, 350, 676. 08
Miscellaneous accounts and rents receivable.....	390, 736. 47
Material and supplies, at cost less reserve.....	3, 606, 747. 94
Other current assets.....	41, 725. 72
Total current assets	<u>16, 669, 787. 89</u>

Other assets:

Special deposits available only for:

Extension of rapid transit facilities as provided for by Chapter 692 of the Acts of 1945 as amended, alterations to subways and tunnels as provided for by Chapter 520 of the Acts of 1948 and to the extent of \$557, 569. 63 for establishing off-street parking facilities, all as provided for under Chapter 544 of the Acts of 1947 as amended..	1, 086, 220. 50
Purposes as provided under Chapter 544 of the Acts of 1947 as amended by Chapter 551 of the Acts of 1952	33, 536. 78
Addition to Tremont Subway as provided under Chapter 649 of the Acts of 1949 as amended	218, 131. 74
Preparation of plans and estimates of cost with reference to the additions to the existing Washington St. Tunnel under Chapter 649 of the Acts of 1949 as amended	74, 728. 42
Extension of East Boston Rapid Transit facilities to Revere and to the extent of \$60, 637. 00 for studies, preliminary plans and estimates of cost for the extension of the Cambridge Subway, all as provided under Chapter 649 of the Acts of 1949 as amended and affected by Chapter 613 of the Acts of 1952	786, 504. 28
Purchase of revenue equipment as provided under Chapter 544 of the Acts of 1947 as amended.....	112, 571. 12
Mortgage note receivable.....	4, 733. 07
Total other assets	<u>2, 316, 425. 91</u>

Deferred charges and unadjusted debits:

Prepaid expenses.....	31, 173. 00
Unadjusted debits.....	105, 848. 55
Total deferred charges and unadjusted debits.....	<u>137, 021. 55</u>

<u>TOTAL ASSETS</u>	<u>\$143, 992, 723. 30</u>
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(See accompanying notes to financial statements)

METROPOLITAN TRANSIT AUTHORITY

BALANCE SHEET-DECEMBER 31, 1953

LIABILITIES

Funded debt (all held by Boston Metropolitan District) - per
accompanying statement (Note D):

Bond of Metropolitan Transit Authority, dated August 3, 1949 under authority of Section 7A of Chapter 544 of the Acts of 1947 as amended (less \$1,000,000. included in current liabilities below).....	\$65,918,371.89
Rapid transit bond of Metropolitan Transit Authority, dated August 3, 1949, under authority of Section 8A of Chapter 544 of the Acts of 1947 as amended (less \$536,259.27 included in current liabilities below).....	37,538,149.08
Bond of Metropolitan Transit Authority, dated November 25, 1949 under authority of Section 8A of Chapter 544 of the Acts of 1947 as amended (less \$102,000. included in current liabilities below).....	7,140,000.00
Bond of Metropolitan Transit Authority, dated March 1, 1951, under authority of Section 8A of Chapter 544 of the Acts of 1947 as amended (less \$60,000. included in current liabilities below).....	4,320,000.00
Bond of Metropolitan Transit Authority, dated March 1, 1951, under authority of Section 6 of Chapter 649 of the Acts of 1949 as amended (less \$13,333.33 included in current liabilities below)	946,666.67
Bond of Metropolitan Transit Authority, dated March 1, 1951, under authority of Section 6 of Chapter 649 of the Acts of 1949 as amended (less \$11,000. included in current liabilities below).....	792,000.00
Bond of Metropolitan Transit Authority, dated January 15, 1952, under authority of Section 8A of Chapter 544 of the Acts of 1947 as amended (less \$22,000. included in current liabilities below).....	1,606,000.00
Bond of Metropolitan Transit Authority, dated March 1, 1953, under authority of Section 8A of Chapter 544 of the Acts of 1947 as amended (less \$15,000. included in current liabilities below).....	1,110,000.00
Bond of Metropolitan Transit Authority, dated March 1, 1953, under authority of Section 6 of Chapter 649 of the Acts of 1949 as amended (less \$32,000. included in current liabilities below).....	2,368,000.00
Serial bonds of Metropolitan Transit Authority issued under authority of Section 22 of Chapter 544 of the Acts of 1947 as amended (less \$838,000. included in current liabilities below).....	10,083,000.00
	<u>131,822,187.64</u>

Current liabilities:

Funded debt installments payable within one year.....	2,629,592.60
Notes payable to Boston Metropolitan District, due May 1, 1954..... (Note E)	5,000,000.00
Accounts and wages payable.....	1,396,618.83
Accrued interest and rents payable	625,534.97
Accrued Federal old age benefit tax	60,754.78
Provision for injury and damage claims.....	1,694,087.59
Unredeemed tickets and tokens.....	210,052.92
Employee withholdings and other liabilities	435,687.00
Total current liabilities	<u>12,052,328.69</u>

Deferred and unadjusted credits:

Unamortized premium on funded debt.....	91,162.86
Unadjusted credits	27,044.11
Total deferred and unadjusted credits.....	<u>118,206.97</u>

Commitments:
(Note F)

<u>TOTAL LIABILITIES.....</u>	<u>\$143,992,723.30</u>
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(See accompanying notes to financial statements)

METROPOLITAN TRANSIT AUTHORITY
Statement of Funded Debt - December 31, 1953
(All held by the Boston Metropolitan District)

<u>NOTE</u>	<u>ISSUE DATE</u>	<u>TERM</u>	<u>MATURITY DATE</u>	<u>RATE</u>	<u>PRINCIPAL AMOUNT</u>
A	Apr. 15, 1948	10 Years	Apr. 15, 1958	1.50%	\$ 450,000.00
B	Dec. 1, 1948	15 Years	Dec. 1, 1963	1.75%	1,450,000.00
C	Aug. 3, 1949	Fixed	Dec. 1, 2020	(see note)	66,918,371.89
D	Aug. 3, 1949	Fixed	Nov. 20, 2024	(see note)	38,074,408.35
E	Nov. 25, 1949	30 Years	Nov. 25, 1979	2.00%	7,242,000.00
F	Dec. 1, 1949	15 Years	Dec. 1, 1964	1.50%	295,000.00
G	Mar. 1, 1951	30 Years	Mar. 1, 1981	(see note)	960,000.00
H	Mar. 1, 1951	30 Years	Mar. 1, 1981	1.50%	4,380,000.00
I	Mar. 1, 1951	30 Years	Mar. 1, 1981	1.50%	803,000.00
J	Mar. 1, 1951	10 Years	Mar. 1, 1961	1.50%	858,000.00
K	Mar. 1, 1951	20 Years	Mar. 1, 1971	1.50%	1,507,000.00
L	Mar. 1, 1951	30 Years	Mar. 1, 1981	1.50%	3,561,000.00
M	Jan. 15, 1952	30 Years	Jan. 15, 1982	2.10%	1,628,000.00
N	Jan. 15, 1952	9 Years	Jan. 15, 1961	2.10%	527,000.00
O	Mar. 1, 1953	30 Years	Mar. 1, 1983	2.75%	1,125,000.00
P	Mar. 1, 1953	30 Years	Mar. 1, 1983	2.75%	2,400,000.00
Q	Mar. 1, 1953	10 Years	Mar. 1, 1963	2.50%	562,000.00
R	Mar. 1, 1953	11 Years	Mar. 1, 1964	2.50%	166,000.00
S	Mar. 1, 1953	20 Years	Mar. 1, 1973	2.50%	1,545,000.00
TOTAL FUNDED DEBT - December 31, 1953					\$134,451,780.24
LESS - Payments due in 1954 in current liabilities					<u>2,629,592.60</u>
NET FUNDED DEBT - Payable after 1954					\$131,822,187.64

(See notes on following pages)

NOTES ON FUNDED DEBT

- A Equipment serial bonds. Original issue \$1,000,000. payable \$50,000. semi-annually on April 15 and October 15. (Issued under Section 22, Chapter 544, Acts of 1947 as amended.)
- B Equipment serial bonds. Original issue \$2,175,000. payable semi-annually \$72,000. on June 1 and \$73,000. on December 1. (Issued under Section 22, Chapter 544, Acts of 1947 as amended.)
- C Refunding bond. Original issue \$71,418,371.89 payable \$500,000. each June 1 and December 1 and final installment of \$418,371.89 on December 1, 2020. (Issued under Section 7A, Chapter 544, Acts of 1947 as amended.)

The interest payable on this bond is the interest payable by the Boston Metropolitan District on their contra debt and refunding issues.

- D Rapid Transit bond. Original issue \$40,219,445.43 payable in 75 installments of \$536,259.27 on each November 20. This amount is paid by the State to the Authority each November 20 and a like amount is paid by the Authority to the Boston Metropolitan District on the same date in reduction of principal. (Issued under Section 8A(c), Chapter 544, Acts of 1947 as amended.)

The equivalent of interest on this bond is provided for by the Metropolitan Transit Authority Rapid Transit note, dated August 3, 1949, wherein the Authority promises to pay to the City of Boston on behalf of the District, and in its place and stead, the actual interest on City of Boston Transit debt, less income collected on the City's transit debt sinking funds.

- E Construction bond. Original issue \$7,650,000. payable \$102,000. annually on November 21 to and including November 21, 1978 and one payment of \$4,692,000. on November 25, 1979. The \$102,000. annual amount is paid by the State to the Authority each November 20 and a like amount is paid by the Authority to the Boston Metropolitan District on each November 21 in reduction of principal. (Issued under Section 8A(j), Chapter 544, Acts of 1947 as amended.)

The interest payable on this bond is the interest payable on Boston Metropolitan District bonds issued to purchase this bond.

- F Equipment serial bonds. Original issue \$403,000. payable semi-annually \$13,000. on June 1 and \$14,000. on December 1. (Issued under Section 22, Chapter 544, Acts of 1947 as amended.)
- G Construction bond. Original issue \$1,000,000. dated April 15, 1950 paid March 1, 1951 and renewed for \$986,666.67. (Issued under Section 6, Chapter 649, Acts of 1949 as amended.) 1/75th of the principal amount is payable annually (\$13,333.33 and 34 cents every third year) on March 1 by the Authority to the Boston Metropolitan District and a like amount is paid by the State to the Authority each November 20.

The interest payable on this bond is the interest payable on Boston Metropolitan District bonds issued to purchase this bond.

- H Construction bond. Original issue \$4,500,000. payable \$60,000. annually on March 1 to and including March 1, 1980 and one payment of \$2,760,000. on March 1, 1981. The \$60,000. annual principal payment is made by the Authority to the Boston Metropolitan District on each March 1st and a like amount is paid by the State to the Authority on each November 20. (Issued under Section 8A(j), Chapter 544, Acts of 1947 as amended.)
- I Construction bond. Original issue \$825,000. payable \$11,000. annually on March 1 to and including March 1, 1980 and one payment of \$506,000. on March 1, 1981. The \$11,000. annual principal payment is made by the Authority to the Boston Metropolitan District on each March 1st and a like amount is paid by the State to the Authority on each November 20. (Issued under Section 6, Chapter 649, Acts of 1949 as amended.)
- J Equipment serial bonds. Original issue \$1,074,000. payable annually \$108,000. March 1, 1952 to 1955 inclusive, \$107,000. March 1, 1956 to 1961 inclusive. (Issued under Section 22, Chapter 544, Acts of 1947 as amended.)

NOTES ON FUNDED DEBT - Continued

- K Equipment serial bonds. Original issue \$1,673,000. payable annually, as follows:
 \$83,000. March 1, 1952 to 1955 inclusive.
 \$84,000. March 1, 1956 to 1962 inclusive.
 \$83,000. March 1, 1963, March 1, 1966, March 1, 1969
 \$84,000. March 1, 1964, 1965, 1967, 1968, 1970 and 1971
 (Issued under Section 22, Chapter 544, Acts of 1947 as amended.)
- L Equipment serial bonds. Original issue \$3,817,000. payable annually, as follows:
 \$128,000. March 1, 1952 to 1955 inclusive.
 \$127,000. March 1, 1956 to 1962 inclusive.
 \$128,000. March 1, 1963, 1966, 1969.
 \$127,000. March 1, 1964, 1965, 1967, 1968.
 \$127,000. March 1, 1970 to 1981 inclusive.
 (Issued under Section 22, Chapter 544, Acts of 1947 as amended.)
- M Construction bond. Original issue \$1,650,000. payable \$22,000. annually on January 15, to and including January 15, 1981 and one payment of \$1,012,000. on January 15, 1982. The \$22,000. annual principal payment is made by the Authority to the Boston Metropolitan District on each January 15th and a like amount is paid by the State to the Authority on each November 20. (Issued under Section 8A(j), Chapter 544, Acts of 1947 as amended.)
- N Equipment serial bonds. Original issue \$592,000. payable annually \$65,000. January 15, 1953 and 1954, and \$66,000. January 15, 1955 to 1961 inclusive. (Issued under Section 22, Chapter 544, Acts of 1947 as amended.)
- O Construction bond. Original issue \$1,125,000. payable \$15,000. annually on March 1 to and including March 1, 1982 and one payment of \$690,000. on March 1, 1983. The \$15,000. annual principal payment is made by the Authority to the Boston Metropolitan District on each March 1 and a like amount is paid by the State to the Authority on each November 20. (Issued under Section 8A(j), Chapter 544, Acts of 1947 as amended.)
- P Construction bond. Original issue \$2,400,000. payable \$32,000. annually on March 1 to and including March 1, 1982 and one payment of \$1,472,000. on March 1, 1983. The \$32,000. annual principal payment is made by the Authority to the Boston Metropolitan District on each March 1 and a like amount is paid by the State to the Authority on each November 20. (Issued under Section 6, Chapter 649, Acts of 1949 as amended.)
- Q Equipment serial bonds. Original issue \$562,000. payable annually \$58,000. March 1, 1954, \$56,000. March 1, 1955 to 1963 incl. (Issued under Section 22, Chapter 544, Acts of 1947 as amended.)
- R Equipment serial bonds. Original issue \$166,000. payable annually \$16,000. March 1, 1954, \$15,000. March 1, 1955 to 1964 incl. (Issued under Section 22, Chapter 544, Acts of 1947 as amended.)
- S Equipment serial bonds. Original issue \$1,545,000. payable annually \$108,000. March 1, 1954 to 1958, \$102,000. March 1, 1959 to 1961, \$97,000. March 1, 1962 to 1964, \$46,000. March 1, 1965 to 1967, \$45,000. March 1, 1968 to 1973 incl. (Issued under Section 22, Chapter 544, Acts of 1947 as amended. -For capital additions or improvements to passenger-carrying rolling stock.)

A-B-F-J-K-L-N-Q-R-S Equipment serial bonds

- C Authority vs. District refinancing August 3, 1949
 D Subway purchase August 3, 1949 (City of Boston)
 E East Boston Rapid Transit, Subway Alterations and Off-street parking facilities
 G Tremont Subway addition (Park St. to Scollay Square - preliminary plans)
 H-M East Boston Rapid Transit
 I Washington Tunnel Extensions (preliminary plans)
 O East Boston Rapid Transit, Off-Street Parking Facilities
 P E. B. R. T. Extension to Revere and Cambridge Subway Extension (preliminary plans)

METROPOLITAN TRANSIT AUTHORITY

OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 1953

Way and structures:

Superintendence.....	\$514,634.04
Maintenance of roadway and track	1,476,335.61
Removal of snow and ice	254,579.54
Tunnels and subways	100,425.28
Elevated structures and foundations	74,241.48
Bridges, trestles and culverts.....	5,222.94
Crossings, fences and signs.....	18,370.16
Signals and interlockers	53,789.94
Communication systems	19,645.59
Miscellaneous way expenses	237,747.08
Maintenance of electric line equipment.....	565,302.57
Maintenance of buildings, fixtures and grounds.....	843,320.03
Depreciation of way and structures.....	588,000.00
Dismantling retired way and structures	12,577.89
Total way and structures.....	<u>4,764,192.15</u>

Equipment:

Superintendence.....	232,474.51
Maintenance of revenue equipment.....	2,403,945.99
Maintenance of service equipment.....	19,079.70
Electric equipment of cars and trackless trolleys...	634,873.57
Shop equipment.....	88,651.25
Shop expenses.....	658,405.41
Maintenance of automotive and misc. equipment....	124,896.86
Depreciation of equipment.....	252,000.00
Total equipment.....	<u>4,414,327.29</u>

Power:

Superintendence	164,393.97
Maintenance of power plants.....	335,084.31
Depreciation of power plants	360,000.00
Other power plant operating expenses	1,916,902.45
Gasoline and fuel oil for buses.....	487,407.73
Total power.....	<u>3,263,788.46</u>

Conducting transportation:

Superintendence	3,050,540.76
Passenger car, trainmen and bus operators.....	11,425,312.16
Miscellaneous car and bus service employees	353,085.14
Miscellaneous car and bus service expenses.....	152,072.94
Station employees.....	2,019,171.77
Station expenses.....	507,787.59
Car house and bus garage employees	1,964,091.70
Car house and bus garage expenses	230,219.66
Operation of signal and interlocking apparatus.....	508,536.29
Operation of communication systems	27,273.25
Other transportation expenses.....	438,552.65
Total conducting transportation.....	<u>20,676,643.91</u>

OPERATING EXPENSES - Continued
YEAR ENDED DECEMBER 31, 1953

Traffic (promotion and advertising).....	<u>\$38,805.05</u>
General (administrative and other general operating expenses):	
Salaries and expenses of general officers.....	94,462.65
Salaries and expenses of general office clerks.....	1,118,106.86
General office supplies and expenses.....	212,014.26
Law expenses.....	94,821.56
Pensions, retirement fund, gratuities, health and accident insurance.....	2,021,754.89
Miscellaneous general expenses.....	272,230.94
Injuries and damages and expenses relating thereto	1,633,013.09
Insurance	462,237.37
Stationery and printing	149,168.86
Store expenses	503,145.39
Service garage expenses and supplies.....	<u>202,387.99</u>
Total general	<u>6,763,343.86</u>
Total operating expenses.....	<u><u>\$39,921,100.72</u></u>

METROPOLITAN TRANSIT AUTHORITY

STATEMENT OF INCOME AND THE COST OF THE SERVICE
YEAR ENDED DECEMBER 31, 1953

Income:

Revenue from transportation.....	\$35,952,606.11	
Revenue from other operations.....	<u>1,041,043.91</u>	
Total operating revenue	36,993,650.02	
Non-operating income	<u>74,048.30</u>	
Total income		\$37,067,698.32

Operating expenses:

Way and structures:		
Salaries and wages.....	\$3,348,830.49	
Other.....	<u>1,415,361.66</u>	4,764,192.15
Equipment:		
Salaries and wages.....	2,633,230.50	
Other.....	<u>1,781,096.79</u>	4,414,327.29
Power:		
Salaries and wages.....	1,074,674.99	
Other.....	<u>2,189,113.47</u>	3,263,788.46
Conducting transportation:		
Salaries and wages.....	20,143,143.19	
Other.....	<u>533,500.72</u>	20,676,643.91
Traffic:		
Salaries and wages.....	345.05	
Other.....	<u>38,460.00</u>	38,805.05
General:		
Salaries and wages.....	2,246,750.36	
M. T. A. Retirement Fund	1,726,292.97	
Other.....	<u>2,790,300.53</u>	6,763,343.86
Total operating expenses (including allowance of \$1,200,000.00 for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned - Note B)		<u>39,921,100.72</u>
Loss before other deductions		2,853,402.40

Other deductions:

Taxes assignable to transportation operations	644,640.31	
Interest on funded debt (Note D)	3,519,883.78	
Payment on funded debt-B. M. D. (Note D)	1,656,000.00	
Interest on notes payable.....	50,841.40	
Cambridge subway rental.....	390,478.34	
Other deductions.....	<u>10,600.45</u>	
Total other deductions.....		<u>6,272,444.28</u>
Loss resulting from operations.....		9,125,846.68

Profit and loss items:

Final net adjustment of federal income tax liability	658,822.85	
Dividend and premium discount on compensation insurance	73,230.00	
Other credits.....	<u>43,117.75</u>	<u>775,170.60</u>
Loss for the Year (excess of the cost of the service over income)		<u>\$8,350,676.08</u>

(See accompanying notes to financial statements)

METROPOLITAN TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Note A--Fixed Assets

The fixed assets acquired from Boston Elevated Railway Company on August 29, 1947 are carried on the books of the Authority at original cost to the Company as shown on its books as of that date. Additions subsequent to August 29, 1947, including the subways, tunnels and other facilities purchased from City of Boston August 3, 1949, are carried at cost to the Authority, the cost of subways, tunnels and facilities purchased from the City of Boston being measured by the amount of the bond issued therefor.

Note B--Reserve for Depreciation

In accordance with the provisions of Section 11 of Chapter 544 of the Acts of 1947 as amended by Section 4 of Chapter 572 of the Acts of 1949, no allowance for depreciation of passenger-carrying rolling stock of the Authority or for obsolescence and losses in respect to such rolling stock after August 2, 1949, is reflected in the accompanying financial statements of the Authority.

On the other hand, as provided by that section (Section 11 of Chapter 544), cost of the service, as reflected in the Statement of Income and the Cost of the Service, includes (1), all sums paid to the Boston Metropolitan District for the year ended December 31, 1953 in reduction or payment of the principal amount of bonds issued by the Authority under either Section 7A or Section 22, as well as (2) such allowance for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned as is contemplated by said Section 11.

The aggregate of charges to cost of the service for the year ended December 31, 1953, with respect to the above-mentioned sums paid on principal of bonds and with respect to depreciation, is less than the amount of depreciation that under conventional accounting procedure and under practices of the Authority, prior to August 3, 1949, would have been charged to the cost of the service.

The Reserve for Depreciation of Property, and for Obsolescence and Losses in respect to Property Sold, Destroyed or Abandoned, includes the aggregate of all debt retirement sums paid after August 2, 1949 under the provisions mentioned above, as well as allowance for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned, except with respect to passenger-carrying rolling stock after August 2, 1949. The balance (\$44,154,552.54) of this account at December 31, 1953 is less than recent surveys have indicated may be required to cover normal depreciation and obsolescence that has accrued on the properties.

Note C--Amortization of Tunnels, Subways and Other Facilities

The credits arising from the reimbursement to the Authority by the Commonwealth of Massachusetts for the principal payments made on bonds issued under paragraphs (c) and (j) of Section 8A of Chapter 544 of the Acts of 1947 as amended and Section 6 of Chapter 649 of the Acts of 1949 as amended (discussed in Note D)

Note C--Amortization of Tunnels, Subways and Other Facilities - (Continued)

are considered to provide for amortization of Tunnels, Subways and Other Facilities, and consequently no provision for depreciation thereof is included in the allowance made by the Trustees in the year 1953 for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned. Such credits amounted to \$2,757,037.08 at December 31, 1953.

Note D--Funded Debt

Section 7 of Chapter 544 of the Acts of 1947 as amended, provided that bonds of the Authority and bonds of the Boston Elevated Railway Company assumed by the Authority should be cancelled at their respective maturity dates, or prior thereto, to the extent that bonds of the Boston Metropolitan District issued to provide funds for the purchase thereof had been retired, or their retirement provided for, through interest payments made by the Company or by the Authority in excess of the amounts required to pay the interest on the District's bonds. At August 3, 1949, \$26,513,545.11 of such bonds of the District had been retired, or their retirement provided for.

Pursuant to refinancing provisions of Section 7A of Chapter 544 of the Acts of 1947 as amended, bonds of the Authority (other than bonds issued under Section 22 and Section 8A) and bonds of the Boston Elevated Railway Company assumed by the Authority, with an aggregate principal amount of \$97,931,917. were cancelled August 3, 1949 and a new bond for \$71,418,371.89 issued to the Boston Metropolitan District. The principal amount of this new bond was equal to the difference between the principal amount of the bonds cancelled and the \$26,513,545.11 referred to in the preceding paragraph. The new bond is payable in 142 installments of \$500,000. each, on December 1 and June 1. The first installment was paid on December 1, 1949, and the final installment, \$418,371.89, is payable on December 1, 2020 (see notes to Statement of Funded Debt attached). Interest is payable on the new bond in amounts equal to the interest on bonds of the Boston Metropolitan District which may be outstanding from time to time, and the accrued interest on funded debt as shown on the balance sheet reflects the accrued unpaid liability for interest on this bond at December 31, 1953.

Payments in reduction of the principal of the new bond of the Authority issued under said Section 7A (\$1,000,000.) and in payment of bonds of the Authority issued under Section 22 of said Chapter 544 (\$656,000.) were included in the cost of the service for the year ended December 31, 1953 as provided in Section 11 of said Chapter 544.

On August 3, 1949, the Authority acquired the subways and other transit properties of the City of Boston under the provisions of Section 8A inserted in Chapter 544 of the Acts of 1947 by Chapter 572 of the Acts of 1949. Reference should be made to said Section 8A for the details of the transaction whereby the Authority on August 3, 1949 issued to the Boston Metropolitan District its bond for \$40,219,445.43 and its note (undertaking to make the payments required of the District on its note to the City) in exchange for District bonds payable to the City of Boston of a like principal amount and a note of the District by which the District undertook, among other things, to pay interest on the City's outstanding transit indebtedness to the extent that such interest exceeded the income of the City's sinking funds available to pay the same, which bonds and note of the District were delivered by the Authority to the City to effect the transfer to the Authority of title to the City's subway and transit properties.

Note D--Funded Debt - (Continued)

In accordance with the provisions of paragraph (1) of Section 8A of Chapter 544 of the Acts of 1947 as amended and Section 7 of Chapter 649 of the Acts of 1949 as amended, the Commonwealth of Massachusetts is required to pay to the Authority on November 20 of each year after 1949 the amounts previously certified by the Trustees of the Authority as payable by the Authority during such year in reduction of the principal amount of its bonds issued under paragraphs (c) and (j) of Section 8A of said Chapter 544 and Section 6 of said Chapter 649 (for subways, tunnels and other facilities). The amount certified to the Treasurer by the Trustees of the Authority is assessed on the cities and towns constituting the Authority. On November 20, 1953, the Authority received from the Commonwealth of Massachusetts the amount of \$744,592.61 which had been certified by the Authority as payable during the year 1953.

In the Statement of Income and the Cost of the Service for the year ended December 31, 1953, the caption "Interest on Funded Debt" includes (1) interest accrued during the year on the Authority's bonds issued under Sections 7A, 8A(j), and 22 of Chapter 544 and (2) payments actually made during the year to the City of Boston in accordance with the Authority's note to the District issued under Section 8A(c) of said Chapter 544, except that a portion of the amounts paid during the year 1953 under Section 8A(j) of Chapter 544 and Section 6 of Chapter 649 of the Acts of 1949, as amended, has been considered as applicable to unfinished construction and charged to the fixed asset accounts.

As of December 31, 1953, the Authority had expended from current treasury funds, \$254,247.60 for capital additions consisting of \$156,000.00 for the purchase of 16 used trackless trolleys and \$98,247.60 for the purchase of 5 new buses. Reimbursement to the Authority for these items will be made in 1954 from the proceeds of bonds to be issued under Section 22 of Chapter 544 of the Acts of 1947 as amended.

Note E--Notes Payable to Boston Metropolitan District

The \$5,000,000.00 notes payable to Boston Metropolitan District maturing on May 1, 1954, represent temporary borrowings under the provisions of Section 13 of Chapter 544 of the Acts of 1947 as amended.

Note F--Commitments

At December 31, 1953 the Authority had outstanding firm commitments, totalling approximately \$1,155,000. for other additions and improvements to the road and equipment properties; for the purchase of spare equipment for rapid transit cars; for the addition to and extension of rapid transit facilities and for alterations to subways, tunnels and rapid transit extensions and facilities.

Of this amount, approximately \$991,000. will be paid from special deposits established from bond issues made under Section 8A and Section 22 of Chapter 544 of the Acts of 1947, as amended, and Section 6 of Chapter 649 of the Acts of 1949, as amended.